

Facilities Management Department

LOB #20:

LEASES AND PROPERTY MANAGEMENT

Purpose

This line of business negotiates and manages County's leasing of buildings and land to effectively provide services to County residents. It manages the disposition of County-owned real property and reviews and processes requests for easements, rights-of-way and temporary use of County property. The Real Estate Management Services Division negotiates, administers and manages real estate agreements for County agencies which require leased space for specific programs and needs and other entities whose business needs require the licensing of County-owned space. This division serves as the property management office on behalf of the Board of Supervisors for County-owned buildings and is the liaison between the County and owners of leased locations and oversees various contracted building services (custodial, security and landscaping) for most County-owned facilities.

Description

Lease Management plans, coordinates, implements and administers policies, programs and procedures relating to the County's leasing of buildings and land. Services include: negotiation, development, implementation and management of complex real estate leasing and licensing agreements; provision of real estate reports and analyses of state of the market; administration of County telecommunications leasing program for facilities on County-owned property; management of on-site inspections of leased facilities; processing and reconciliation of rental payments and receipts; and implementation of proffers from developers for newly constructed County-owned and designated leased facilities

Property Management maintains and manages all Real Property owned by the Board of Supervisors (BOS) and coordinates the reallocation or disposition of Real Property owned by the Board of Supervisors. Services including: review of and recommendations for easement requests that impact County properties; review of and recommendations for requests for temporary use of County properties; implementation of County's Real Estate Property disposition policy; evaluation of right-of-way requests from developers and other governmental authorities; and research and coordination from residents requesting arboreal and landscaping services and right-of-way maintenance.

Benefits

The benefits associated with this line of business include:

- Maximizes use of County-owned office space by County agencies and other County-funded service providers
- Researches and negotiates most cost effective terms for leases within privately owned facilities
- Reduces financial burden of ongoing maintenance of County-owned land through real estate disposition program
- Captures revenue from lease of County-owned buildings and land from telecommunications providers for installation of monopolies

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Mandates

This line of business complies with the following mandates:

- Code of Virginia, §15.2-1800 in connection with the disposition of County-owned real estate.
- County Procedural Memorandums: No. 25-20, Leasing of Office or Other Commercial Real Estate; No. 08-06, Procedures for the Reallocation or Disposition of Real Property owned by the Board of Supervisors or Semi-Autonomous County Agencies; and No. 25-32, Policy Regarding the Placement of Permanent Memorials, Monuments, and Works of Public Art On County Property.

Trends and Challenges

Due to the consolidation of many County programs from leased to owned space, total payments under Expense Leases have only moderately increased as additional leases for programs or agencies with a specific geographic or security justification (such as the Police Department) have come online. The Islamic Saudi Academy's lease of the Walt Whitman Intermediate Site/Old Mount Vernon High School will terminate in FY 2017 and will have a large impact on Total Revenues.

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Budgeted
Total Expense Leases	\$15,350,020	\$15,894,424	\$15,611,152	\$16,075,258	\$17,126,265
Total Revenue Leases	\$3,949,635	\$4,080,669	\$4,250,909	\$4,324,376	\$5,129,617

Since FY 2012, when the County transferred the last phase of park properties to the Park Authority and conveyed the right-of-way parcels for the Fairfax County Parkway to the Virginia Department of Transportation, the number of parcels and total acreage within the County inventory has stabilized.

FY 2012		FY 2013		FY 2014		FY 2015		FY 2016	
Parcels	Total Acreage	Parcels	Total Acreage	Parcels	Total Acreage	Parcels	Total Acreage	Parcels	Total Acreage
741	4,007	662	3,628	667	3,643	681	3,678	683	3,687

Challenges

Although several submarkets have witnessed stagnating rental rates as a result of recent efforts by the federal government and the private sector to consolidate their real estate footprint, transportation improvements in areas such as Tysons, Reston and Merrifield have caused sustained increases in the price of leased space in these rapidly developing areas. The County's need to distribute services on a geographic basis will inevitably result in greater leasing expenses in these high rate submarkets.

The extensive inventory of parcels under County ownership will require the prioritization of maintenance needs to fulfill the spirit of the County's "Good Neighbor" policy. Few opportunities for disposition of these properties will exist since most of the inventory consists of small, non-buildable parcels with limited economic value.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
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FUNDING			
<u>Expenditures:</u>			
Compensation	\$600,064	\$519,162	\$585,526
Operating Expenses	15,949,940	16,423,303	17,380,340
Work Performed for Others	(6,757,115)	(6,306,263)	(5,669,765)
Total Expenditures	\$9,792,889	\$10,636,202	\$12,296,101
General Fund Revenue	\$5,492,741	\$5,713,404	\$6,387,368
Net Cost/(Savings) to General Fund	\$4,300,148	\$4,922,798	\$5,908,733
POSITIONS			
<i>Authorized Positions/Full-Time Equivalents (FTEs)</i>			
<u>Positions:</u>			
Regular	7/7	7/7	7/7
Total Positions	7/7	7/7	7/7

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Gross Square Feet Leased	739,027	681,463	664,613	734,272	734,272
Cost per Square Foot	\$21.46	\$22.86	\$24.13	\$22.85	\$24.27
BOMA Benchmark (retail rent)	\$11.04-\$35.93	\$13.07-\$44.55	NA	NA	NA

BOMA = Building Owners and Managers Association (Washington DC/VA Market); NA = BOMA Benchmark not available; the BOMA Benchmark is based on calendar years, therefore, the FY 2015 Actual is not available.

The metrics provided illustrate the ability to obtain lease space at favorable rates when benchmarked against industry standards.